

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Department Administration	\$ 16,929,861	\$ 20,895,806	\$ 21,432,499	\$ 20,859,467
Industrial Commission	796,449	896,370	905,891	896,370
Division of Labor Standards	2,220,567	3,311,429	3,410,904	3,351,635
Governor's Council on Disability	1,551,033	4,646,131	4,146,886	3,940,778
State Board of Mediation	136,609	161,022	163,683	161,022
Commission on Human Rights	1,911,341	2,374,116	2,347,311	2,140,116
Division of Workers' Compensation	46,595,505	44,788,038	51,856,780	51,707,673
Division of Employment Security	33,819,997	46,801,553	47,501,901	46,801,553
DEPARTMENTAL TOTAL	\$ 103,961,362	\$ 123,874,465 *	\$ 131,765,855	\$ 129,858,614
General Revenue Fund	4,927,603	4,958,418	5,018,835	4,384,966
Federal Funds	45,661,804	67,875,663	68,453,712	67,397,547
Deaf Relay Service and Equipment				
Distribution Program Fund	1,692,447	2,655,014	2,662,586	2,655,014
Tort Victims' Compensation Fund	0	0	46,267	46,267
Workers' Compensation Fund	11,875,587	13,587,615	13,764,198	13,563,000
Second Injury Fund	32,763,509	28,000,000	35,000,000	35,000,000
Crime Victims' Compensation Fund	5,125,746	5,097,186	5,119,688	5,111,251
Child Labor Enforcement Fund	74,196	200,000	200,000	200,000
Special Employment Security Fund	1,840,470	1,500,569	1,500,569	1,500,569
Full-time equivalent employees	1,036.32	1,315.27	1,318.27	1,310.27

* Does not include \$500,000 other funds recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Labor and Industrial Relations supplemental appropriations.

POLICY SUMMARY

The Department of Labor and Industrial Relations provides employees with safe and healthy workplaces to ensure economic security for all Missourians. The department fulfills its mission by promoting equal access to jobs, enforcing anti-discrimination laws, and awarding payment of compensation to those unemployed, injured at work, and victims of crime.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Improving Workplace Safety: The Department of Labor and Industrial Relations' safety and health programs benefit Missouri's small business employers and mine operators. By removing or controlling identified safety and health hazards in the workplace, employers can expect savings resulting from fewer lost workdays, improved productivity, increased worker morale, lower workers' compensation and medical costs, and lower Occupational Safety and Health Administration (OSHA) fines and litigation. The cost savings that result from controlling safety and health hazards reduce workers' compensation premium costs and improves employee productivity, product quality, and job satisfaction. To continue to promote safe and healthy workplaces, Governor Holden recommends:

- \$60,186 for one child labor safety coordinator to promote safety for Missouri's working children.
- No core reductions to the Division of Labor Standards to further guarantee that Missouri employers and employees reap the benefits of high labor standards.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

POLICY SUMMARY (Continued)

Improving Financial Security of Missourians: The Department of Labor and Industrial Relations, through the Division of Workers' Compensation, works to ensure that eligible injured employees receive benefits quickly, non-compliant employers are held accountable, and fewer injured workers are in need of public income support if they are unable to work.

Legislation passed last year (HB 107) will provide uncompensated tort victims with up to \$300,000 of unpaid court-ordered settlements, further assuring financial security for Missourians. Governor Holden recommends:

- \$46,427 to begin operation of the Tort Victims' Compensation Program.

Some performance measures the Department of Labor and Industrial Relations uses to monitor its success in making workplaces safe for Missouri's employers and employees follow:

	1999	2000	2001
Number of job-related accidents, illnesses, and fatalities	173,079	163,540	165,698
Amount of unemployment benefits returned to the economy (millions)	\$292.3	\$318.7	\$414.1
Amount of fines avoided by Missouri businesses (millions)	\$2.9	\$2.4*	\$3.1

**In 2000 OSHA/MSHA (Mine Safety Health Administration) decreased the average dollar fine per hazard*

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, data processing, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and fraud detection and investigation.

Fiscal Year 2003 Governor's Recommendations

- \$153,164 federal and other funds transferred from the Office of Administration for fringe benefits.
- \$75,927 other funds for costs related to a change in staff levels.
- (\$186,989) core reduction from the Fiscal Year 2002 appropriation level.
- (\$75,927) for costs related to a change in staff levels, including (\$25,773) general revenue.
- (\$2,514) other funds for one-time expenditures.
- (Three) staff core reduction from the Fiscal Year 2002 appropriation level.

INDUSTRIAL COMMISSION

The three-member Labor and Industrial Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, and victims of crime compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions pursuant to the provisions of the Missouri Administrative Procedure Act. The commission's opinions are subject to review by the judiciary.

Fiscal Year 2003 Governor's Recommendations

- \$5,937 federal and other funds to realign the core budget.
- (\$5,937) core reduction from the Fiscal Year 2002 appropriation level.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides training seminars for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work. The division provides on-site safety and health surveys to business and industrial facilities by qualified professional consultants to identify hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these surveys upon employer requests.

Fiscal Year 2003 Governor's Recommendations

- \$60,186 federal funds and one staff for a child labor safety coordinator.
- (\$19,980) federal funds for one-time expenditures.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability encourages statewide interest in the rehabilitation and employment of people with disabilities. The council works in cooperation with the President's Committee on Employment of People with Disabilities and with local committees and chapters to promote job opportunities for disabled persons.

Fiscal Year 2003 Governor's Recommendations

- (\$685,753) and (two) staff in core reduction from the Fiscal Year 2002 appropriation level, including (\$185,753) general revenue.
- (\$19,600) federal funds for one-time expenditures.

STATE BOARD OF MEDIATION

State law authorizes the Board of Mediation to mediate public utility labor disputes so that employers and union employees can settle disputes peacefully without strikes or lockouts. If direct mediation fails to settle a dispute, the board may appoint a public hearing panel to hear the dispute again and prepare a report and recommendations to the parties and the Governor for settlement. The board also has statutory authority to provide a forum where representatives from management and labor in the public sector may meet and where bargaining disputes may be heard impartially and equitably. In addition, public employees are permitted the right to vote for or against unionization through elections. The board is responsible for conducting and certifying the results of each election and for determining the majority representative status of public sector bargaining units.

Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

MISSOURI COMMISSION ON HUMAN RIGHTS

The Missouri Commission on Human Rights works to ensure fair treatment for all Missourians regardless of their race, color, religion, national origin, ancestry, sex, disability, or age. The commission receives, investigates, and renders findings on complaints of discrimination in housing, employment, and public accommodations. The commission is also responsible for fostering good will among diverse groups through education and outreach.

Fiscal Year 2003 Governor's Recommendations

- (\$144,000) and (three) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$90,000) for one-time expenditures, including (\$25,000) general revenue.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 8,087,669	\$ 10,073,571	\$ 9,993,206
Second Injury Benefits	32,763,509	28,000,000	35,000,000
Crime Victims' Administration	282,085	414,467	414,467
Crime Victims' Compensation Benefits	5,462,242	6,300,000	6,300,000
DIVISIONAL TOTAL	\$ 46,595,505	\$ 44,788,038	\$ 51,707,673
PERSONAL SERVICE			
Tort Victims' Compensation Fund	0	0	36,012
Workers' Compensation Fund	6,856,521	8,181,202	8,217,602
Crime Victims' Compensation Fund	212,394	284,509	284,509
EXPENSE AND EQUIPMENT			
Federal Funds	0	50,000	50,000
Tort Victims' Compensation Fund	0	0	10,255
Workers' Compensation Fund	1,043,749	1,674,284	1,511,252
Second Injury Fund	445,047	523,500	380,341
Crime Victims' Compensation Fund	69,791	101,558	101,558
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	106,661	115,747	115,747
Federal Funds	738,892	1,730,549	1,730,549
Workers' Compensation Fund	50,000	50,000	50,000
Second Injury Fund	32,318,462	27,476,500	34,619,659
Crime Victims' Compensation Fund	4,753,988	4,600,189	4,600,189
TOTAL	\$ 46,595,505	\$ 44,788,038	\$ 51,707,673
General Revenue Fund	106,661	115,747	115,747
Federal Funds	738,892	1,780,549	1,780,549
Tort Victims' Compensation Fund	0	0	46,267
Workers' Compensation Fund	7,950,270	9,905,486	9,778,854
Second Injury Fund	32,763,509	28,000,000	35,000,000
Crime Victims' Compensation Fund	5,036,173	4,986,256	4,986,256
Full-time equivalent employees	147.51	187.75	189.75

ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal complaints filed under the Workers' Compensation Act. The division adjudicates disputed claims, supervises rehabilitation of seriously injured workers, helps develop safety programs, and investigates and approves applications by employers for self-insurance. The Missouri Worker Safety Program was merged with the Workers' Compensation Administration in Fiscal Year 1995.

Fiscal Year 2003 Governor's Recommendations

- \$217,292 other funds to replace equipment, software for court reporters, and increased operating costs.
- \$96,474 other funds and one staff for an additional administrative law judge per House Bill 1237 (1998).
- \$46,267 other funds and one staff to administer the Tort Victims' Compensation Program per HB 107 (2001).
- (\$440,398) other funds for one-time expenditures.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

SECOND INJURY BENEFITS

The second injury fund, as established in Section 287.220, RSMo, provides workers' compensation benefits for injured employees who have pre-existing permanent partial disabilities. The fund may also be used to cover expenses of an employee who was injured while working for an uninsured employer, or to compensate workers for lost wages from one job when they are injured while working at a second job.

Fiscal Year 2003 Governor's Recommendations

- \$7,000,000 other funds for increased claim payments.

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

CRIME VICTIMS' COMPENSATION BENEFITS

The crime victims' compensation fund, established in Section 595.045, RSMo, provides compensation to individuals who suffer financial loss as the result of a crime. Revenues are provided to the fund from fees assessed by the courts on individuals found guilty of violations of law.

Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY**

FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 24,885,800	\$ 36,420,984	\$ 36,420,984
Special Employment Security Fund	1,840,470	1,380,569	1,380,569
Employment and Training Payments	7,093,727	9,000,000	9,000,000
DIVISIONAL TOTAL	\$ 33,819,997	\$ 46,801,553	\$ 46,801,553
PERSONAL SERVICE			
Federal Funds	20,509,355	27,797,496	27,797,496
Special Employment Security Fund	0	100,569	100,569
EXPENSE AND EQUIPMENT			
Federal Funds	4,376,408	8,623,488	8,623,488
Special Employment Security Fund	1,840,470	1,280,000	1,280,000
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	7,093,764	9,000,000	9,000,000
TOTAL	\$ 33,819,997	\$ 46,801,553	\$ 46,801,553
Federal Funds	31,979,527	45,420,984	45,420,984
Special Employment Security Fund	1,840,470	1,380,569	1,380,569
Full-time equivalent employees	594.51	795.28	795.28

ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

SPECIAL EMPLOYMENT SECURITY FUND

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law, which includes refunds of overcollected interest and penalties. The fund may also be used to acquire suitable office space for the division. Section 288.129, RSMo, provides for federal interest payments on federal fund advances to the unemployment trust fund.

Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U. S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.